



Financial Markets

**Reporting for periods ending
May 2009**



Providing Strategic Financial Advice

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Sharemarkets, fixed interest and currency

| Sharemarket and fixed income scoreboard for period ending May 2009 | | | | | | |
|--|--------------|----------------|-----------------------|---------------|----------------|-----------------|
| | Month return | Quarter return | Financial year return | 1 year return | 5 years return | 10 years return |
| S&P 500 in \$US | 5.6% | 25.8% | -26.4% | -32.6% | -1.9% | -1.7% |
| S&P 500 in \$A | -3.1% | 0.4% | -11.7% | -19.7% | -4.1% | -3.8% |
| NASDAQ in \$US | 3.3% | 28.8% | -22.6% | -29.7% | -2.2% | -3.3% |
| NASDAQ in \$A | -5.2% | 2.8% | -7.2% | -16.2% | -4.5% | -5.3% |
| FTSE 100 Accumulation Index in GBP | 4.7% | 17.0% | -18.1% | -23.7% | 3.7% | -0.2% |
| FTSE 100 Accumulation Index in \$A | 4.6% | 5.6% | -20.5% | -25.8% | -1.3% | -2.2% |
| MSCI AC ASIA EX JAPAN Accumulation Index in Local Currency | 14.1% | 43.7% | -12.0% | -22.1% | 11.9% | |
| MSCI AC ASIA EX JAPAN Accumulation Index in A\$ | 6.5% | 23.1% | -1.2% | -13.6% | 9.6% | |
| MSCI Emerging Markets Accumulation Index in Local Currency | 12.5% | 39.5% | -18.6% | -26.6% | 14.4% | 11.0% |
| MSCI Emerging Markets Accumulation Index in \$A | 7.5% | 24.8% | -12.3% | -21.5% | 12.9% | 8.1% |
| MSCI EUROPE Accumulation Index in Local Currency | 4.4% | 22.0% | -23.4% | -30.9% | 1.9% | -0.4% |
| MSCI EUROPE Accumulation Index in \$A | 2.9% | 9.0% | -19.9% | -27.4% | 0.6% | -0.4% |
| MSCI JAPAN Accumulation Index in Yen | 7.0% | 20.4% | -32.0% | -36.3% | -2.8% | -2.8% |
| MSCI JAPAN Accumulation Index in \$A | 1.2% | -1.5% | -9.4% | -16.1% | -2.2% | -2.5% |
| MSCI World ex Aust Accum Index in Local Currencies | 5.9% | 24.6% | -26.0% | -32.1% | -0.1% | -1.1% |
| MSCI World Ex Australia Accumulation Index in \$A | 0.2% | 4.1% | -14.3% | -21.7% | -1.4% | -2.1% |
| S&P/ASX 200 Accumulation Index | 1.4% | 15.5% | -23.2% | -28.9% | 6.6% | 7.3% |
| S&P/ASX 200 Property Accumulation Index | 3.8% | 10.1% | -44.8% | -50.8% | -9.0% | |
| UBSWA Composite Bond Index | -0.7% | -0.6% | 11.5% | 11.8% | 6.3% | 6.2% |
| SBWGB Accumulation Index currency hedged \$A | -0.6% | 0.4% | 10.4% | 10.7% | 7.6% | 7.4% |

Australian interest rates and currency

| | 31 May 2009 | 28 February 2009 | 30 June 2008 | 31 May 2008 | 31 May 2004 | 31 May 1999 |
|---------------------------------------|-------------|------------------|--------------|-------------|-------------|-------------|
| RBA cash rate target | 3.00 | 3.25 | 7.25 | 7.25 | 5.25 | 4.75 |
| Australian 90 day bank bill yield (%) | 3.15 | 3.14 | 7.80 | 7.73 | 5.49 | 4.90 |
| Australian 10 year bond yield (%) | 5.27 | 4.39 | 6.45 | 6.54 | 5.83 | 6.00 |
| Australian dollar (in euros) | 0.00 | 0.51 | 0.61 | 0.62 | 0.59 | |
| Australian dollar (in Japanese yen) | 76.38 | 62.99 | 101.93 | 100.73 | 78.22 | 78.86 |
| Australian dollar (in US cents) | 79.12 | 64.54 | 96.26 | 95.59 | 71.43 | 64.91 |

Source: Datastream

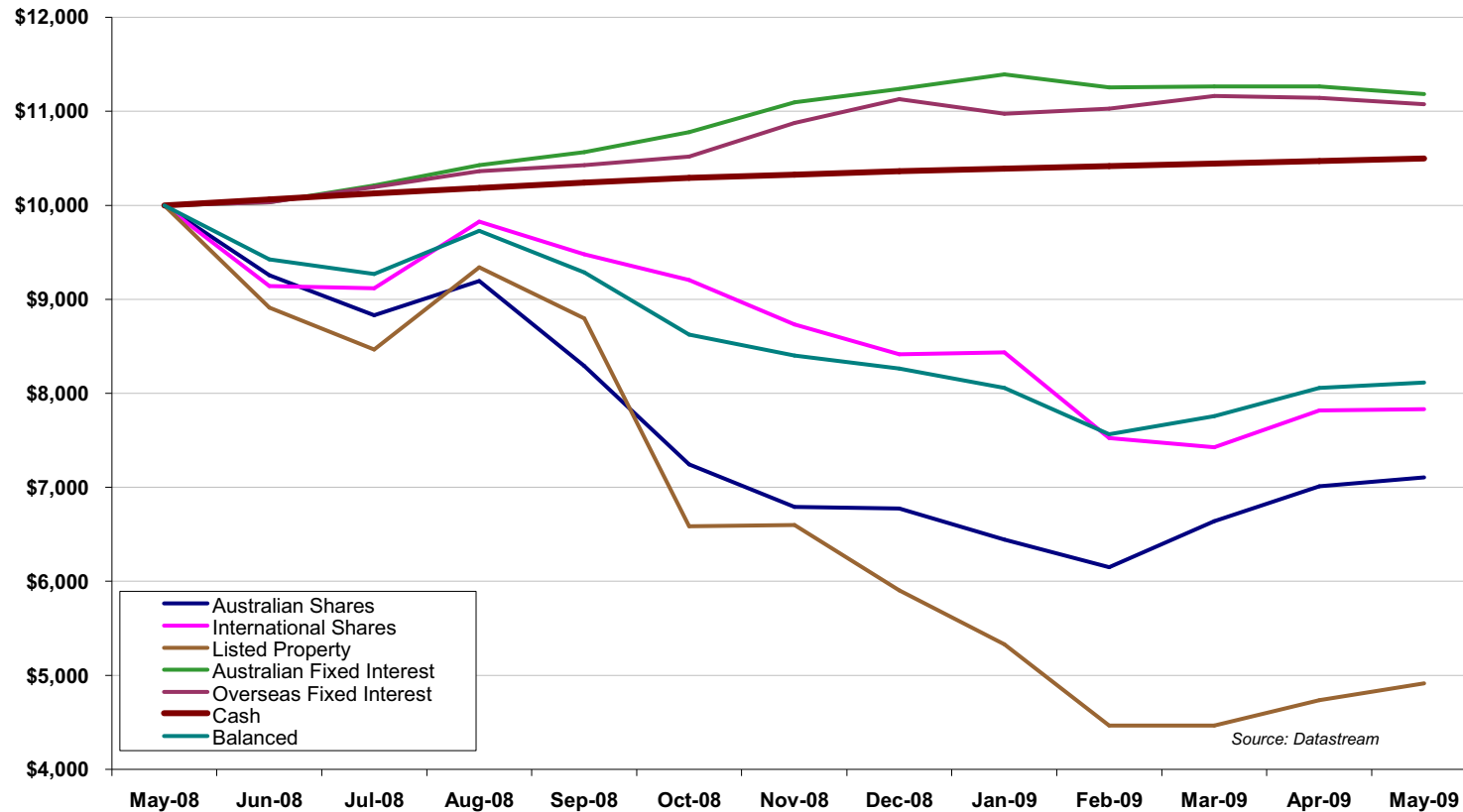


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Market returns – 12 months

Asset Class Performance over 12 months to May 2009

(based on investment of \$10,000)



Source: Datastream

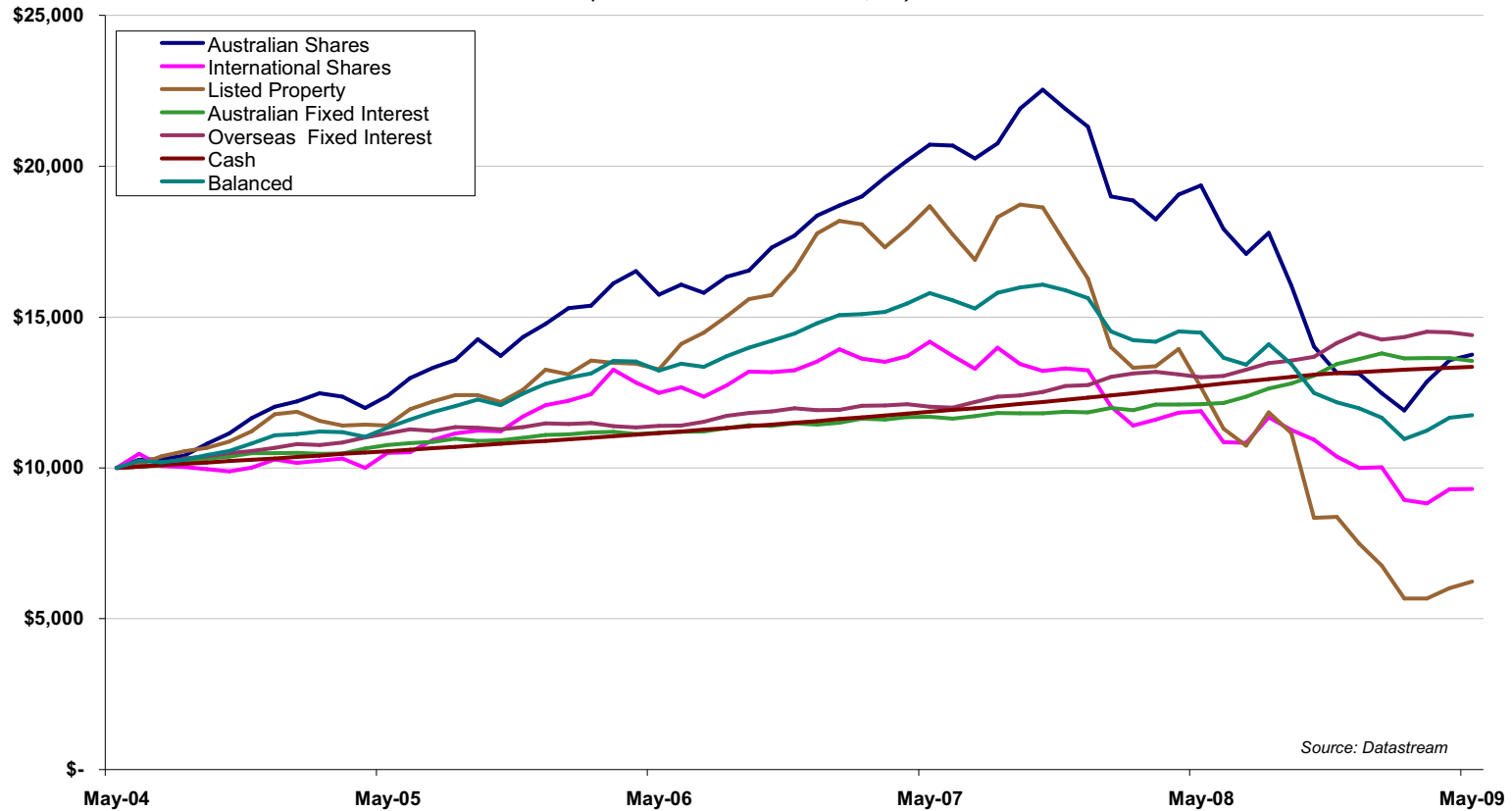


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Market returns – five years

Asset Class Performance over 5 years to May 2009

(based on investment of \$10,000)

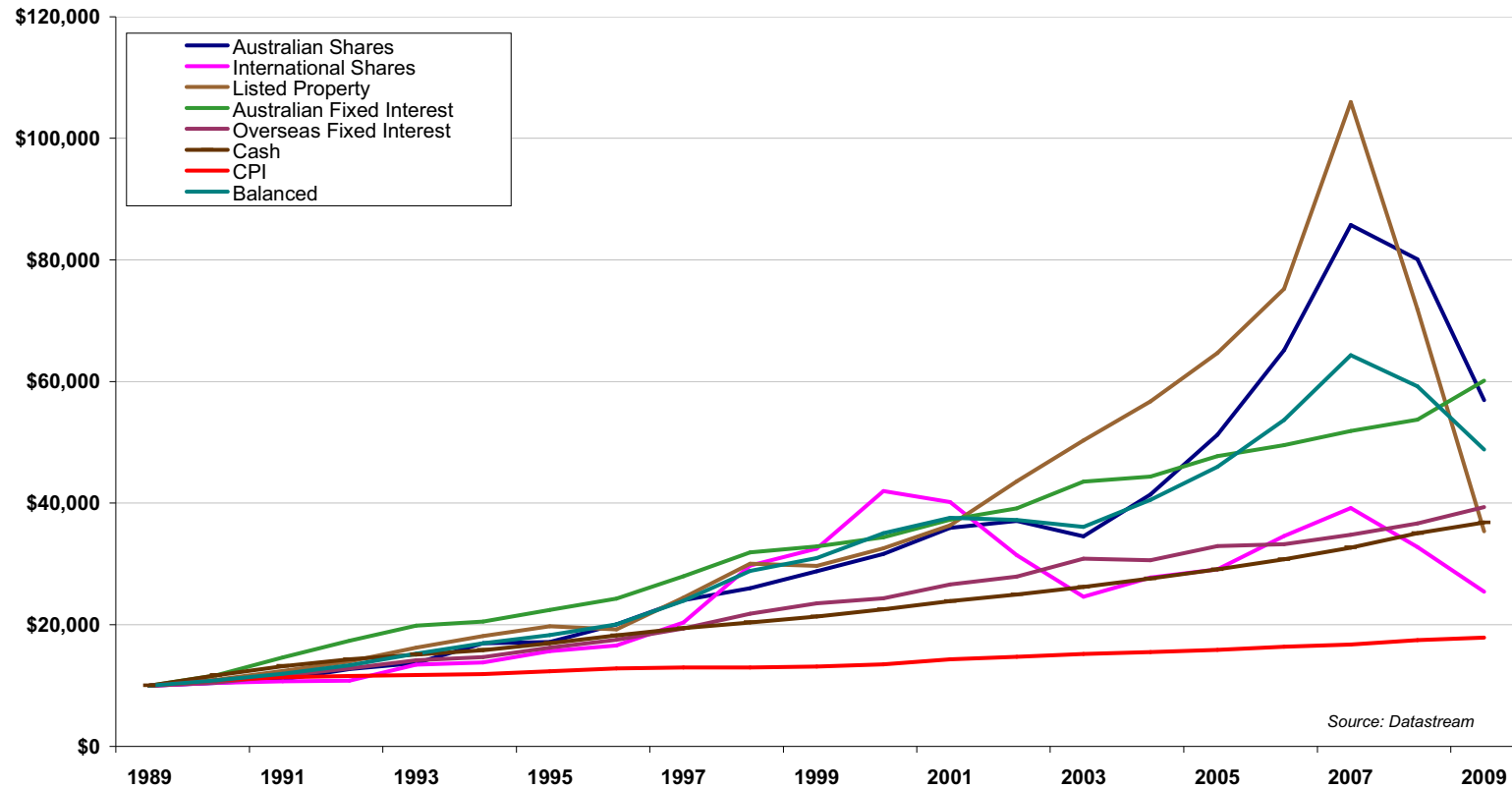


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Market returns – 20 years

Asset Class Performance over 20 years to May 2009 (before fees and tax)

(based on investment of \$10,000)



Source: Datastream



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Australian sharemarket sector returns

| Australian sharemarket sector returns for the 12 months ending May | | | | | | | |
|--|--------|--------|-------|--------|-------|-------|--------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Energy | -23.0% | 42.7% | 17.2% | 50.2% | 52.6% | 48.0% | -7.3% |
| Materials | -34.2% | 28.0% | 22.7% | 61.9% | 31.4% | 32.6% | -6.3% |
| Industrials | -39.1% | -24.5% | 39.4% | 12.8% | 35.9% | 19.5% | -17.2% |
| Consumer Discretionary | -31.4% | -32.9% | 33.5% | 10.2% | 3.7% | 26.6% | -10.1% |
| Consumer Staples | -14.9% | -1.9% | 40.0% | 14.3% | 26.2% | 13.1% | -2.2% |
| Healthcare | -18.0% | 11.2% | 37.5% | 35.4% | 29.6% | 30.4% | -27.8% |
| Information Technology | -2.5% | -18.1% | 43.5% | 30.7% | 46.6% | 53.1% | -52.7% |
| Telecommunication Services | -29.2% | 1.0% | 45.7% | -19.8% | 15.5% | 9.4% | 1.7% |
| Utilities | -24.9% | -16.6% | 43.3% | 19.1% | 39.3% | 8.8% | 22.6% |
| Property Trusts | -50.8% | -32.1% | 40.8% | 16.3% | 14.0% | 12.7% | 15.5% |
| Financials (ex Property Trusts) | -23.0% | -21.3% | 30.2% | 24.6% | 23.6% | 14.4% | -8.9% |
| S&P/ASX 200 Accumulation Index | -28.9% | -6.6% | 31.6% | 27.2% | 23.8% | 19.8% | -6.9% |

Notes:

The benchmark index used in this table is the S&P/ASX 200 Accumulation Index.

The returns are total returns.

Source: Datastream



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Overseas sharemarket sector returns

| World sharemarket sector returns for the 12 months ending May | | | | | | | | | | |
|---|--------|--------|-------|-------|-------|-------|--------|--------|--------|-------|
| <i>Unhedged in Australian dollars</i> | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| Total Market | -21.7% | -12.3% | 16.4% | 23.8% | 7.8% | 16.5% | -20.0% | -19.5% | -4.3% | 31.5% |
| Oil & Gas | -25.2% | 15.4% | 7.5% | 48.5% | 26.4% | 19.9% | -15.6% | -8.9% | 23.1% | 28.9% |
| Basic Materials | -32.7% | 16.8% | 28.4% | 42.5% | 15.5% | 28.9% | -21.0% | -6.2% | 14.0% | 13.5% |
| Industrials | -26.6% | -14.4% | 20.7% | 28.0% | 10.9% | 25.6% | -26.6% | -23.1% | 0.3% | 52.3% |
| Consumer Goods | -13.2% | -11.6% | 16.6% | 27.5% | 1.1% | 26.7% | -25.1% | -11.3% | 2.0% | 19.7% |
| Health Care | -1.2% | -19.8% | 6.8% | 8.5% | 3.8% | 10.1% | -17.8% | -10.0% | 18.9% | 13.6% |
| Consumer Services | -12.8% | -23.1% | 12.9% | 13.1% | 2.8% | 14.0% | -22.1% | -19.3% | 1.5% | 21.0% |
| Telecom | -16.5% | -8.0% | 32.7% | 11.6% | 7.2% | 7.2% | -11.2% | -38.3% | -30.8% | 43.4% |
| Utilities | -20.8% | -5.3% | 30.5% | 26.5% | 23.2% | 10.3% | -11.4% | -23.3% | 23.3% | 15.6% |
| Financials | -28.0% | -25.7% | 15.2% | 28.3% | 8.1% | 18.7% | -20.1% | -12.7% | 17.0% | 15.4% |
| Technology | -17.0% | -11.3% | 9.9% | 11.7% | -4.4% | 16.7% | -23.1% | -38.7% | -41.8% | 92.0% |

Notes:

The benchmark index used in this table is a Datastream calculated index.
The returns are total returns.

Source: Datastream

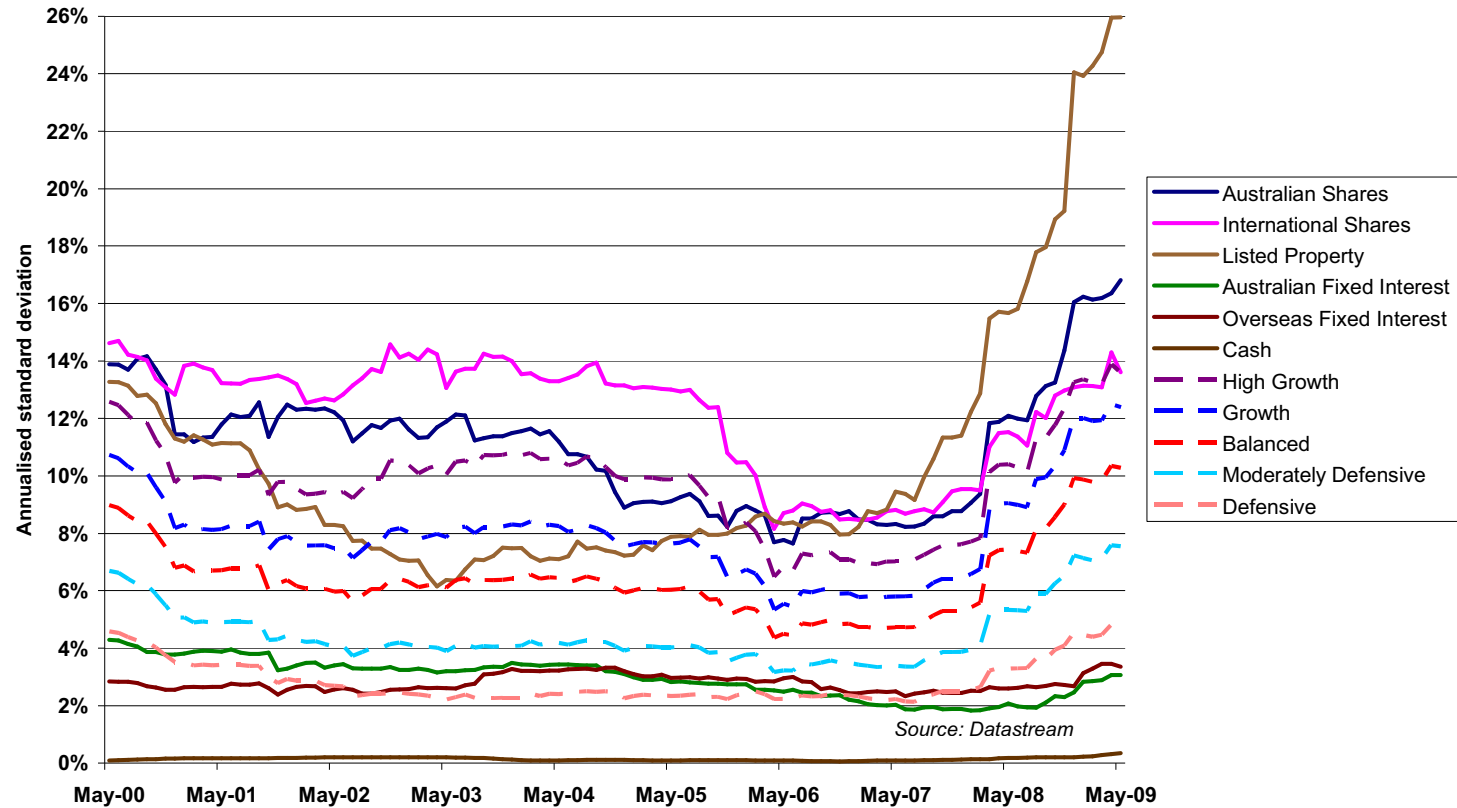


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Asset class and risk profile volatility

Asset Class & Risk Profile Volatility to May 09

based on monthly returns over rolling 3 year periods

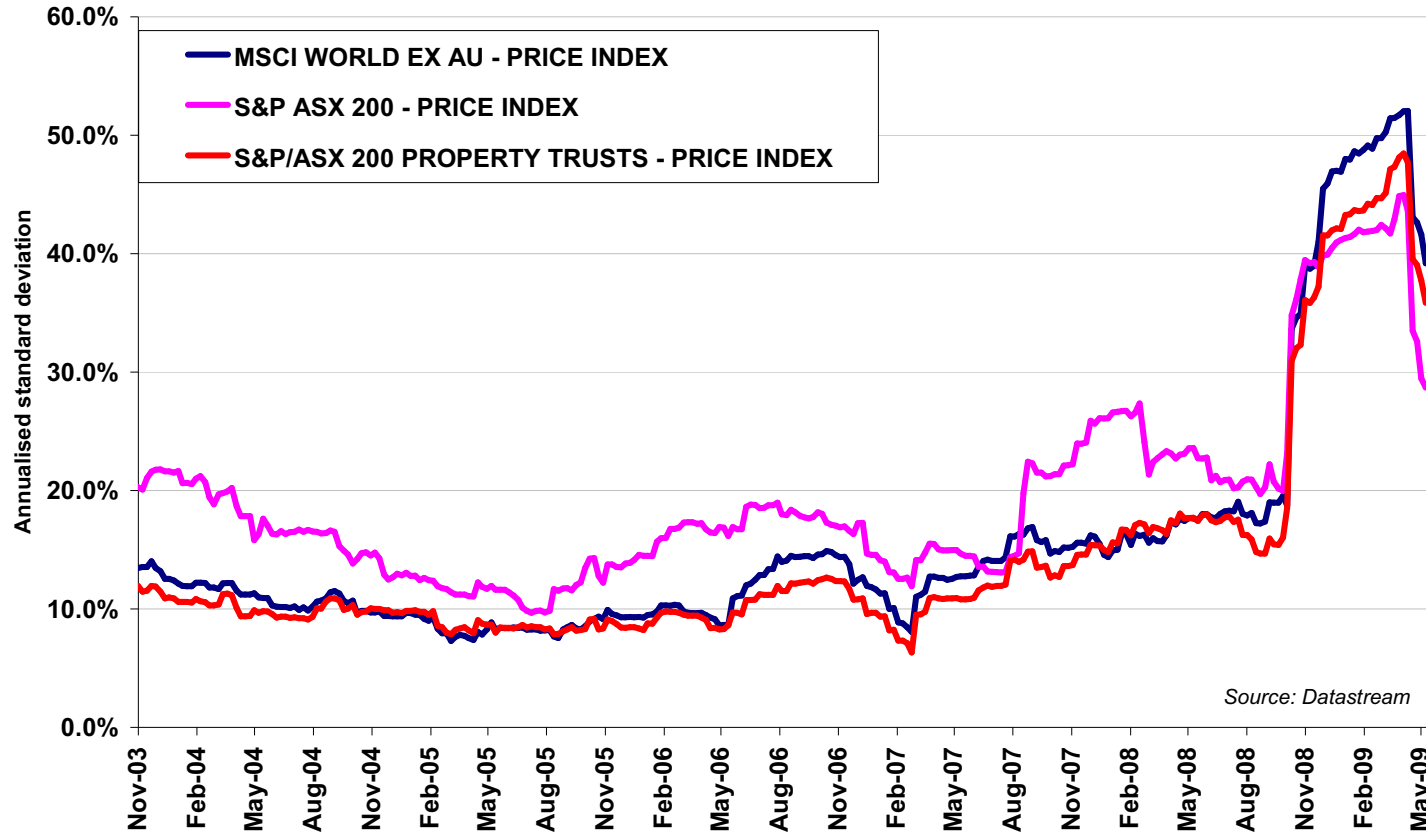


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Sharemarket volatility

Sharemarket volatility

based on weekly returns over rolling 6 month periods



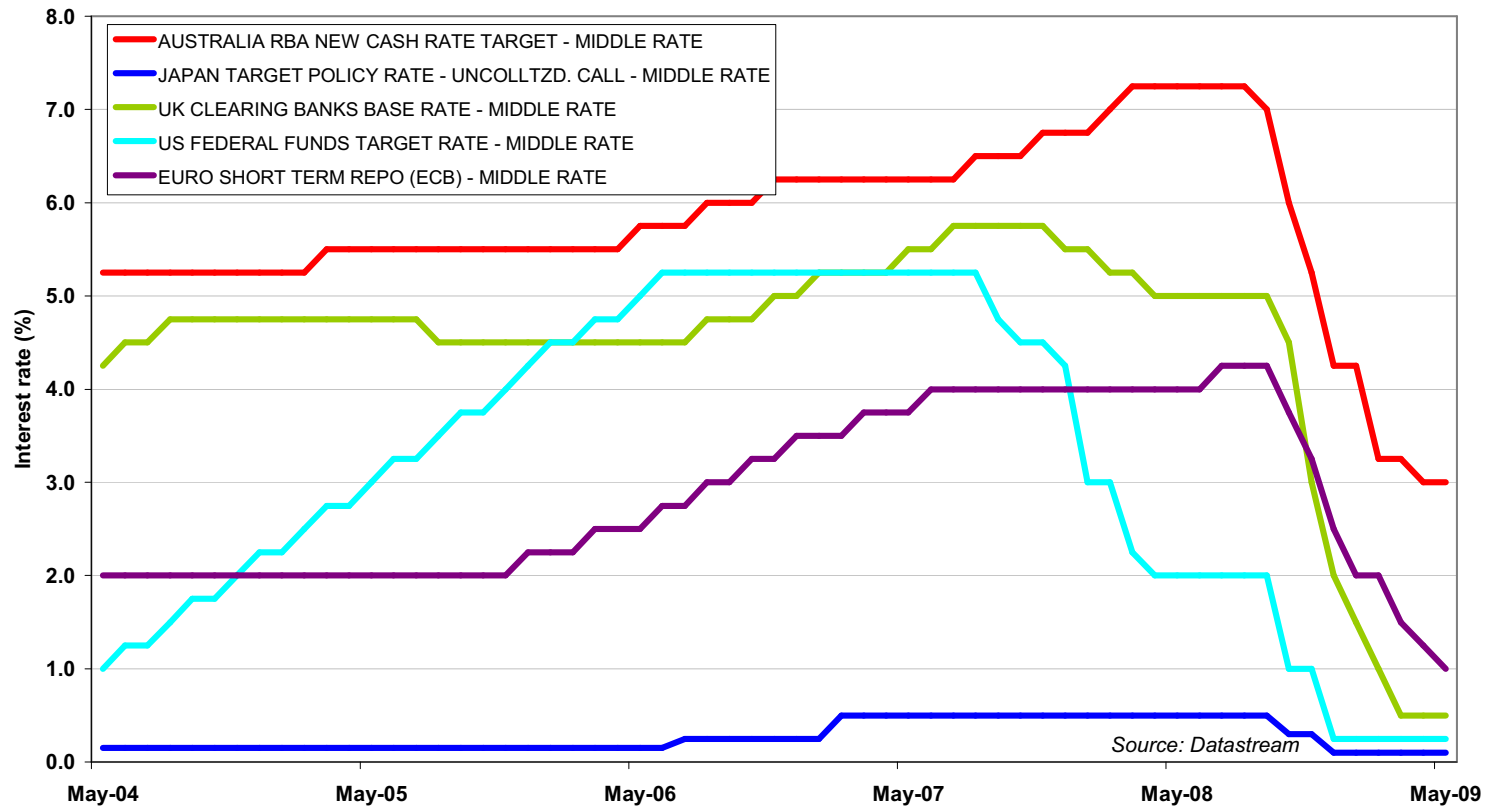
Source: Datastream



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Global interest rates

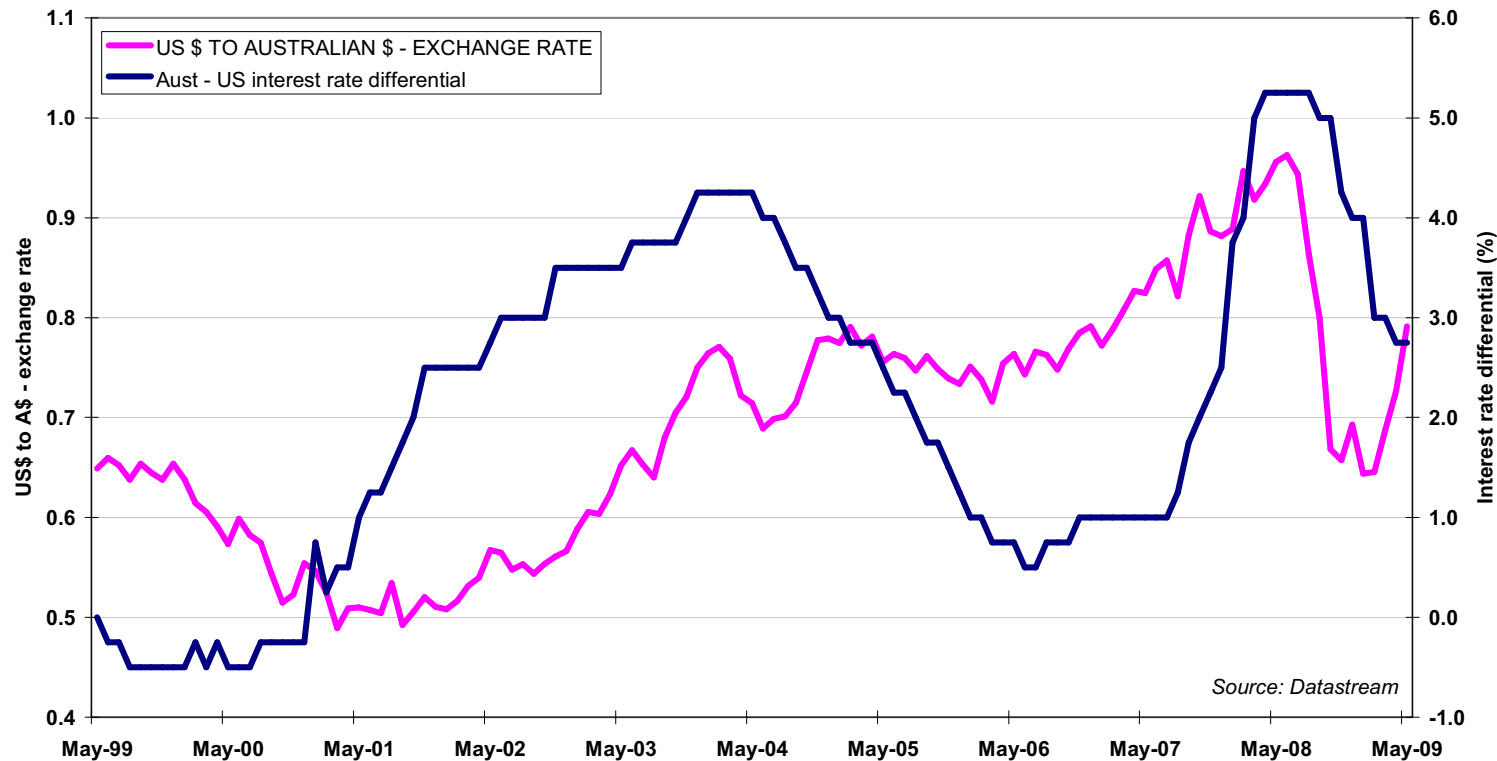
Global interest rates for the five years ending May 09



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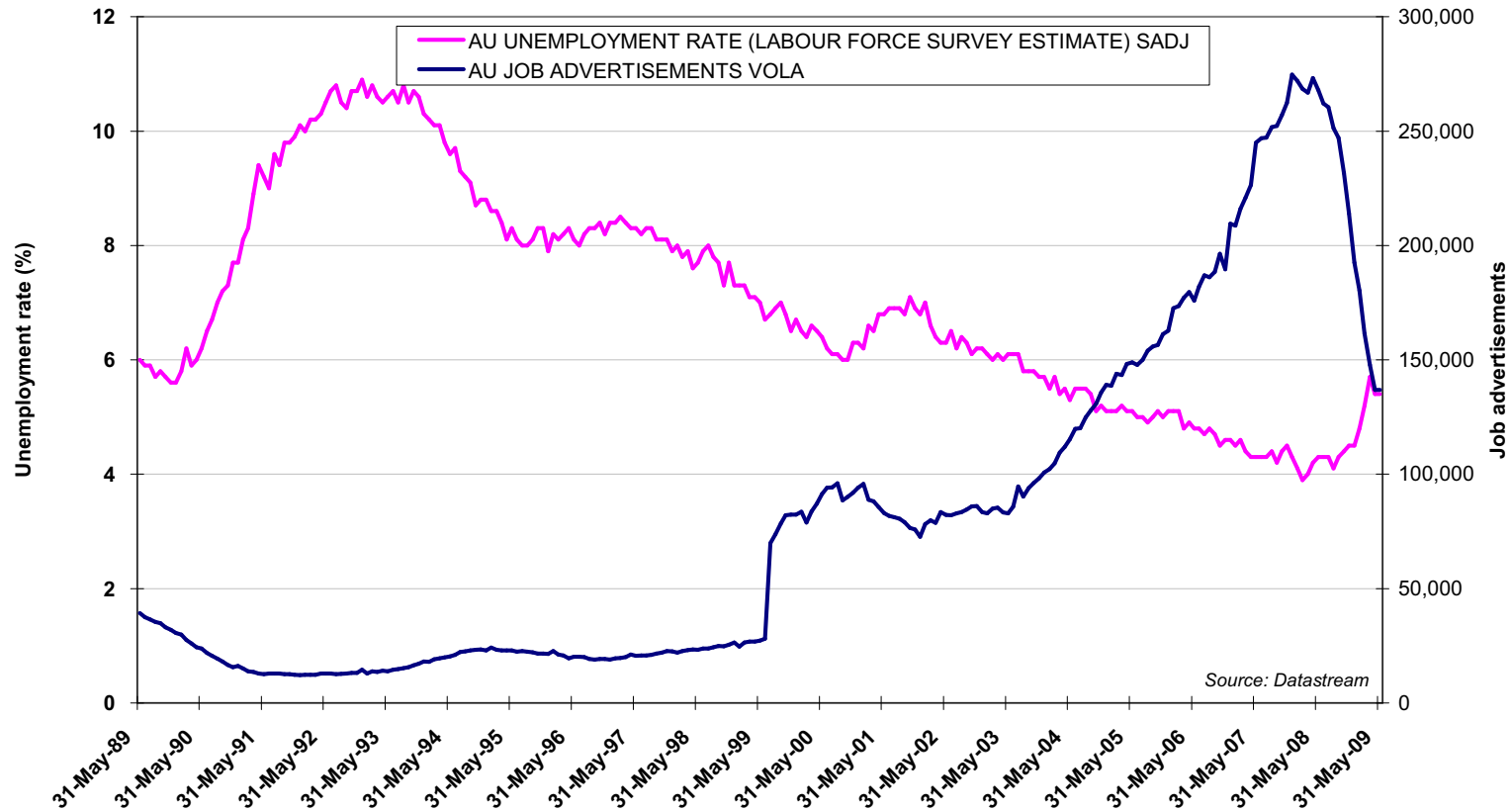
Currency movements and interest rate differentials

Currency movements and interest rate differentials for Australia and the US
for the 10 years ending May 09



Unemployment and job advertisements

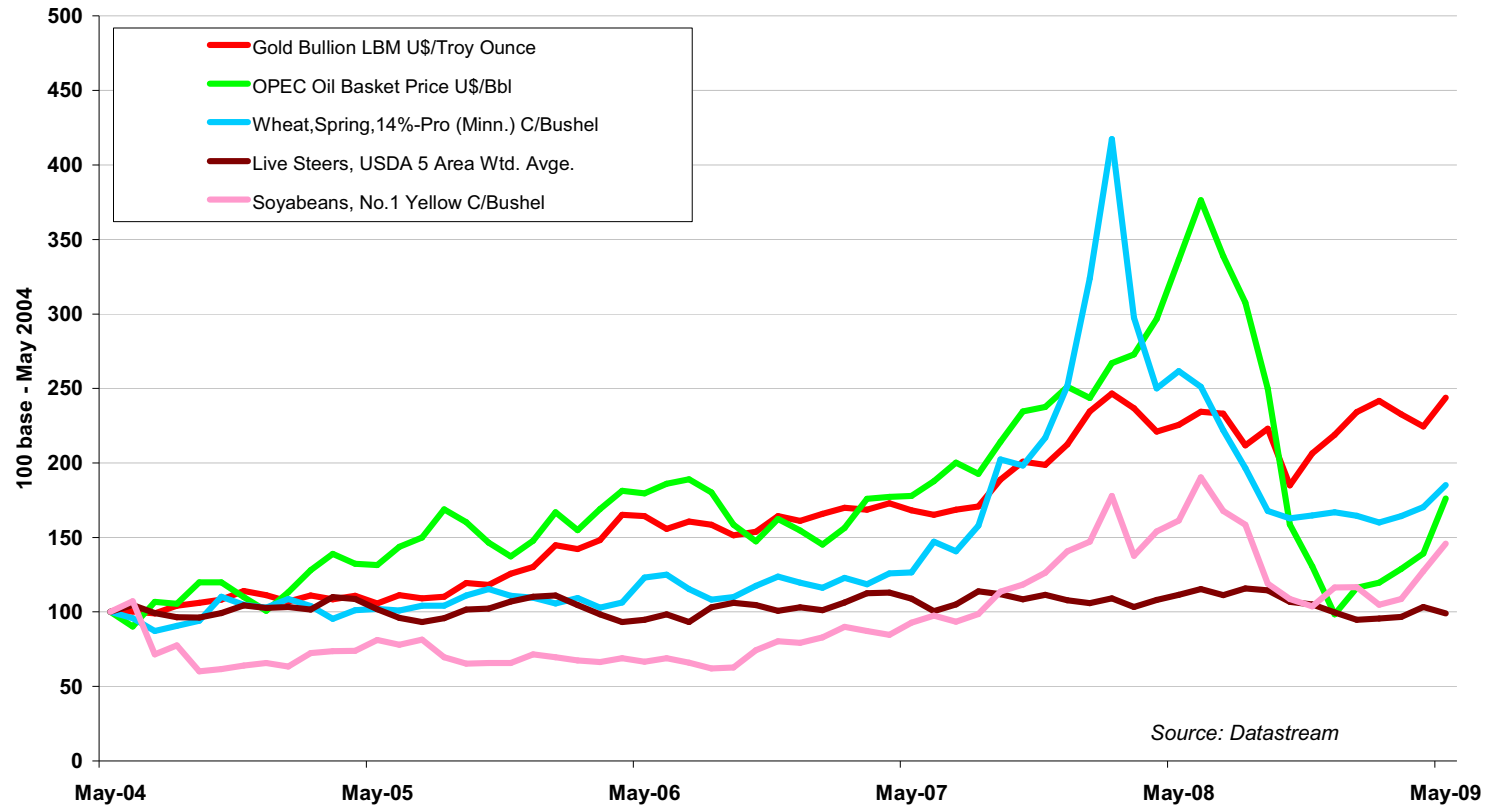
Australian unemployment rate and job advertisements to May 2009



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Commodity indices

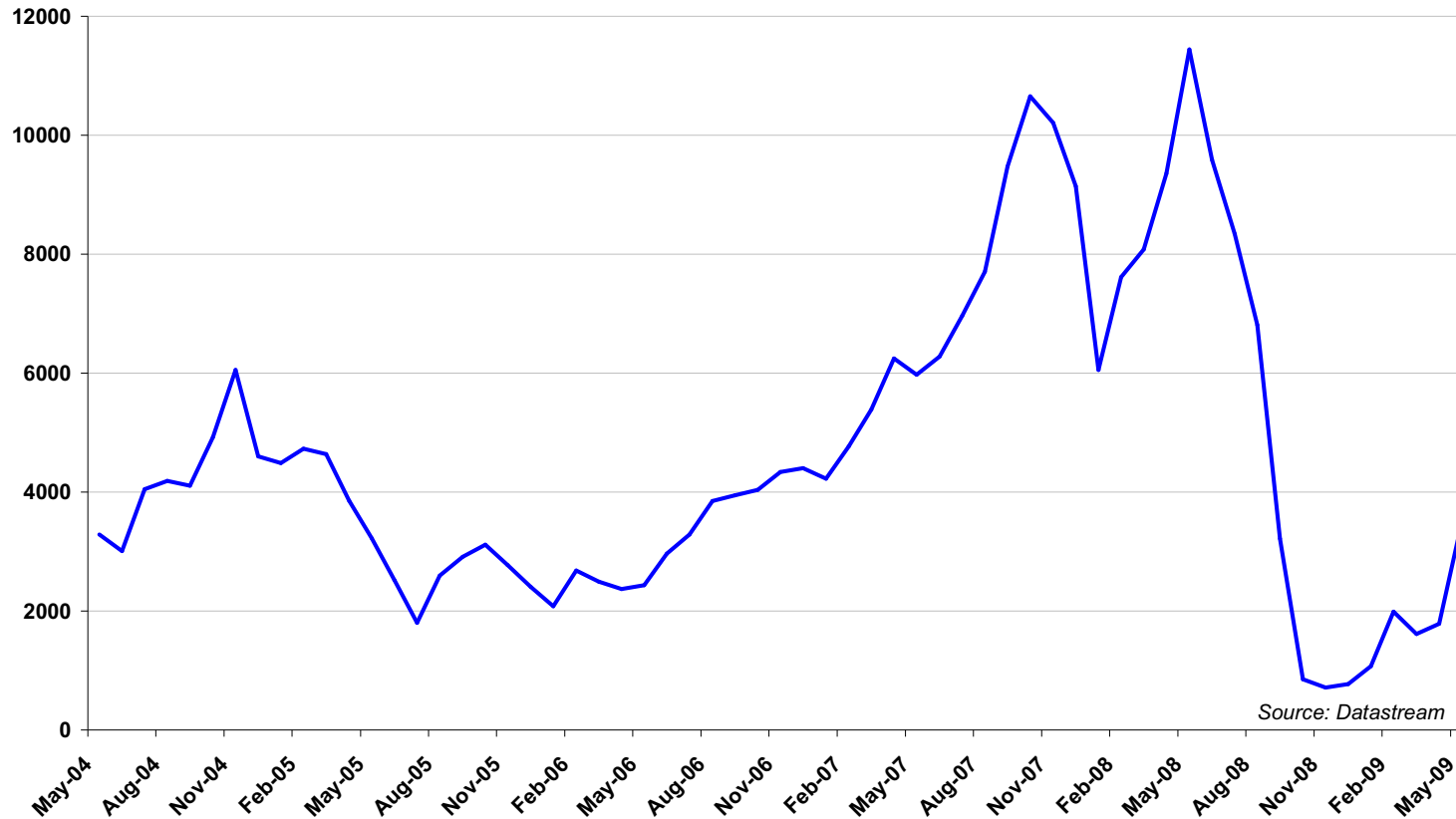
Commodity indices for the five years to May 2009



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Baltic Dry Index – a leading indicator of economic activity

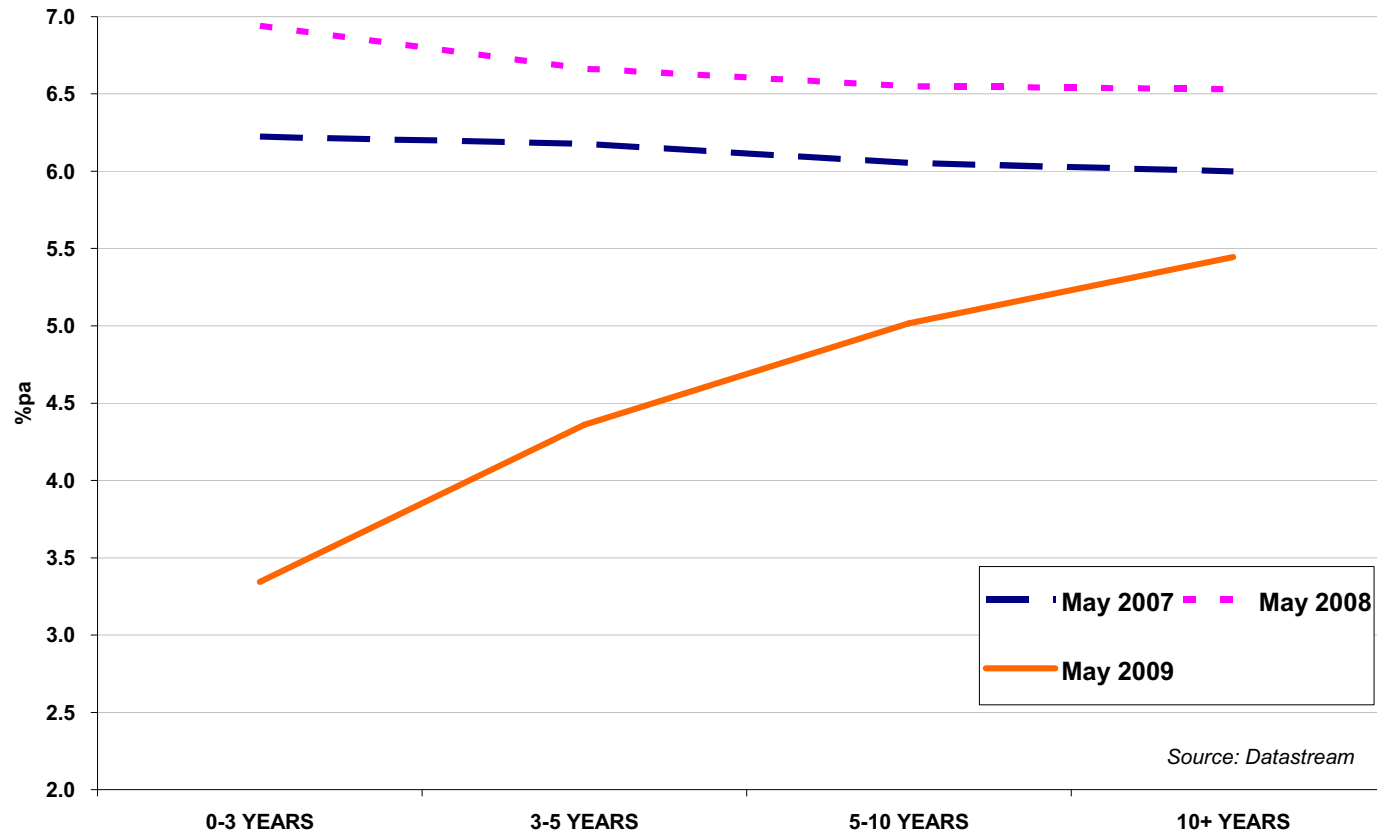
Baltic Exchange Dry Index (BDI) - PRICE INDEX



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Yield curve

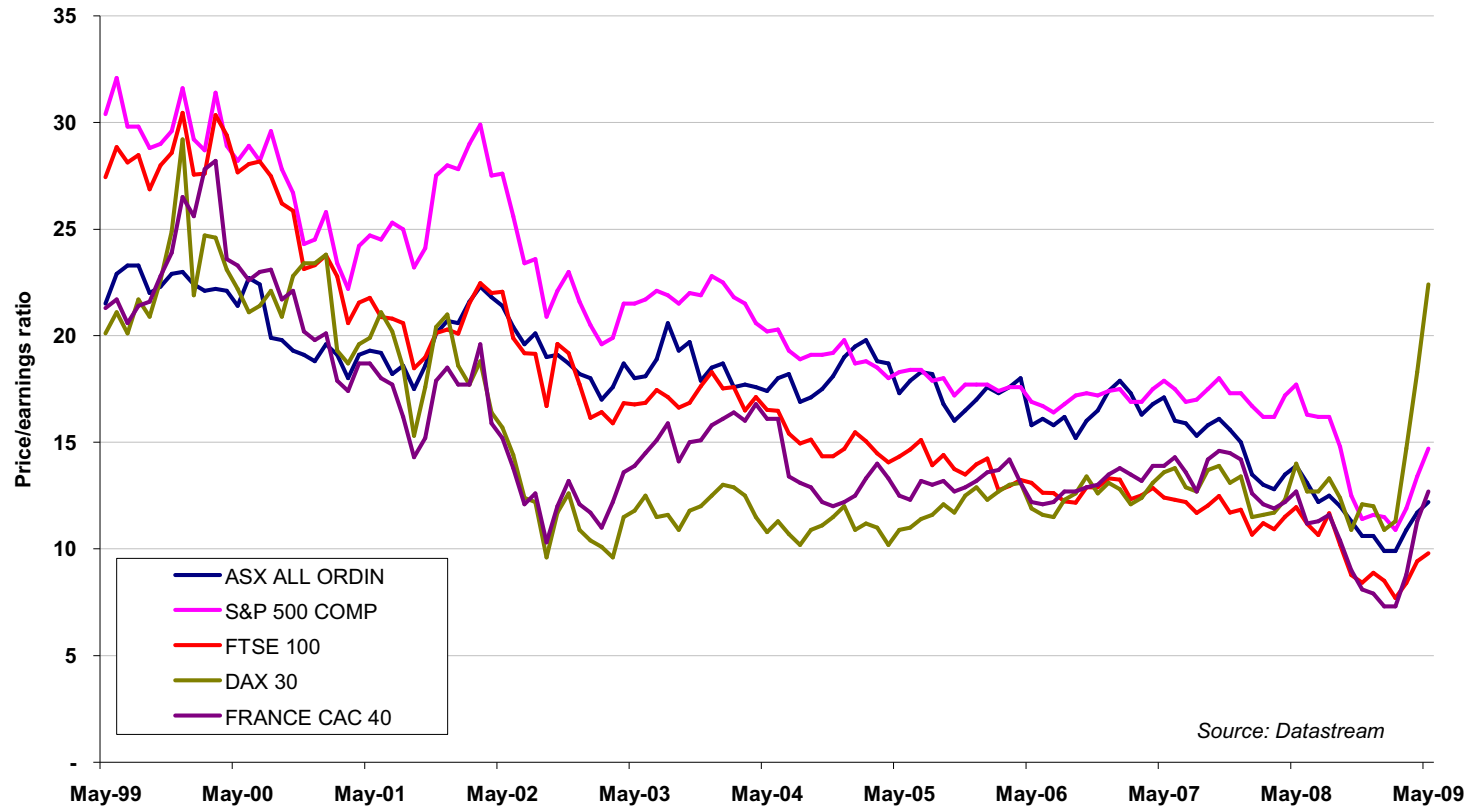
Australian Government Fixed Interest Yield Curve to May 2009



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Price to earnings

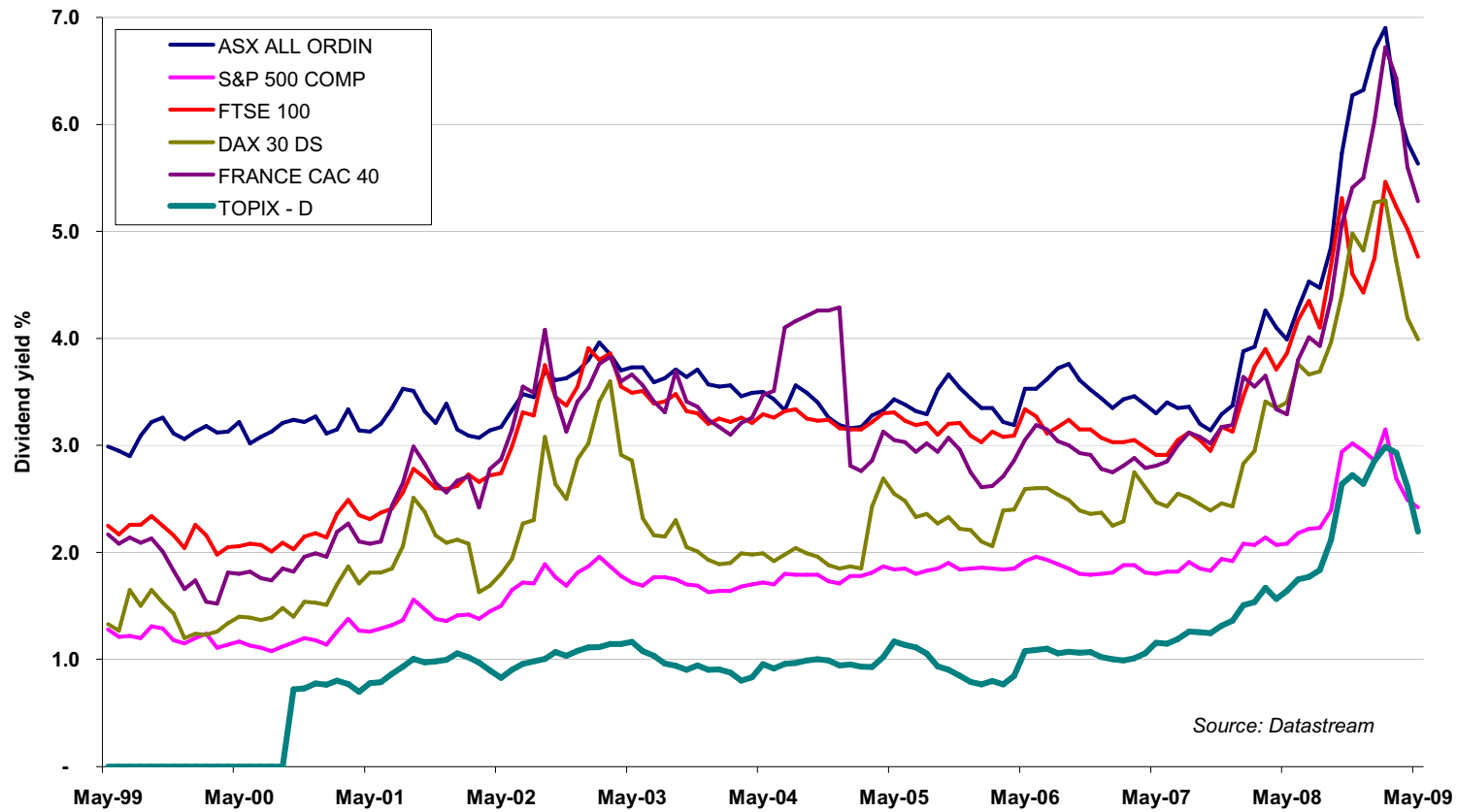
Price to earnings ratios to May 2009



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Dividend yields

Dividend yields to May 2009



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Asset class income

Realised income in year ending

| | 31-May-09 | 31-May-08 | 31-May-07 | 31-May-06 | 31-May-05 | 31-May-04 | 31-May-03 | 31-May-02 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Australian equities | 5.2% | 4.3% | 4.3% | 4.4% | 4.3% | 4.3% | 4.3% | 3.4% |
| Overseas equities | 3.2% | 2.5% | 2.3% | 2.3% | 2.3% | 2.1% | 2.2% | 1.7% |
| Emerging markets equities | 3.1% | 2.3% | 2.6% | 2.8% | 3.1% | 2.8% | 2.8% | 2.4% |
| Australian listed property | 8.7% | 6.2% | 6.1% | 6.8% | 6.9% | 7.7% | 7.7% | 7.7% |
| Overseas listed property | 5.8% | 3.9% | 3.3% | 4.0% | 4.5% | 4.8% | 5.7% | 4.4% |
| Government 10 year bonds | 5.1% | 6.4% | 5.9% | 5.5% | 5.6% | 5.8% | 5.5% | 6.1% |
| Cash | 5.1% | 7.5% | 6.5% | 5.8% | 5.7% | 5.4% | 5.0% | 4.7% |

Indicative income in the following 12 months

| | 31-May-09 | 31-May-08 | 31-May-07 | 31-May-06 | 31-May-05 | 31-May-04 | 31-May-03 | 31-May-02 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Australian equities | 6.5% | 4.4% | 3.6% | 3.3% | 3.7% | 3.7% | 3.8% | 3.1% |
| Overseas equities | 4.1% | 2.6% | 2.1% | 2.0% | 2.1% | 2.0% | 2.5% | 1.7% |
| Emerging markets equities | 4.2% | 2.2% | 2.1% | 2.3% | 2.6% | 2.2% | 2.9% | 2.1% |
| Australian listed property | 15.7% | 7.2% | 6.1% | 5.0% | 5.3% | 5.7% | 5.8% | 5.3% |
| Overseas listed property | 10.5% | 5.0% | 3.6% | 4.1% | 3.6% | 5.3% | 7.3% | 6.6% |
| Government 10 year bonds | 4.4% | 6.1% | 5.9% | 5.4% | 5.7% | 5.5% | 5.3% | 6.3% |
| Cash | 3.1% | 7.8% | 6.5% | 5.6% | 5.9% | 5.5% | 4.8% | 4.6% |

Source: Datastream



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Asset class indices used in this report

- Australian shares: S&P/ASX 200 Accumulation Index. History before April 2000 was the All Ordinaries Accumulation Index
- International shares: MSCI World ex-Australia Accumulation (net dividends re-invested) Index in \$A
- Property: S&P/ASX 200 Property Accumulation Index. History before April 2000 is the ASX Property Trust Accumulation Index
- Australian fixed interest: UBS Warburg Australian Composite Bond Index
- International fixed interest: Salomon Brothers World Government Bond Hedged Index \$A
- Cash: UBS Warburg Australian Bank Bill Index
- International/regional indices: S&P 500 in \$US, S&P 500 in \$A, NASDAQ in \$US, NASDAQ in \$A, FTSE 100 Accumulation Index in GBP, FTSE 100 Accumulation Index in \$A, MSCI AC ASIA EX JAPAN Accumulation Index in Local Currency, MSCI AC ASIA EX JAPAN Accumulation Index in A\$, MSCI Emerging Markets Accumulation Index in Local Currency, MSCI Emerging Markets Accumulation Index in \$A, MSCI EUROPE Accumulation Index in Local Currency, MSCI EUROPE Accumulation Index in \$A, MSCI JAPAN Accumulation Index in Yen, MSCI JAPAN Accumulation Index in \$A, MSCI World ex Aust Accum Index in Local Currencies
- Interest rates: Australia RBA New Cash Rate Target – Middle Rate, Japan Target Policy Rate Uncolltzed. Call - Middle Rate, UK Clearing Banks Base Rate – Middle Rate, US Federal Funds Target Rate – Middle Rate, Euro Short Term Repo (ECB) – Middle Rate
- Credit/Fixed Interest: UBS AU Treasury 0-3 Years - RED. Yield, UBS AU Treasury 3-5 Years - RED. Yield, UBS AU Treasury 5-10 Years - RED. Yield, UBS AU Treasury 10+ Years - RED. Yield, Australia Interbank 3 Mth (LDN:BBA) – Offered Rate, UK Interbank 3 Mth (LDN:BBA) - Offered Rate, US Interbank 3 Mth (LDN:BBA) - Offered Rate, UK Treasury Bill Tender 3M – Middle Rate, US Treasury Bill 2nd Market 3 Month - Middle Rate, Barclays USD FRN AAA RTD (\$) - RED. Yield, Barclays USD FRN AA RTD (\$) - RED. Yield, Barclays USD FRN A RTD (\$) - RED. Yield, Barclays USD FRN BBB RTD (\$) - RED. Yield
- Dividend yield: ASX All Ordinary DS-Calculated – Dividend Yield, S&P 500 Composite – Dividend Yield, FTSE 100 – Dividend Yield, TOPIX – Dividend Yield, DAX 30 DS-Calculated – Dividend Yield, France CAC 40 DS-Calculated – Dividend Yield
- Price/Earnings: ASX All Ordinary DS-Calculated – PER, S&P 500 Composite DS Calculated – PER, FTSE 100 – PER, DAX 30 DS-Calculated – PER, France CAC 40 DS-Calculated - PER
- Commodities: Gold Bullion LBM US\$/Troy Ounce, OPEC Oil Basket Price US\$/Bbl, Wheat, Spring, 14%-Pro (Minn.) C/Bushel, Live Steers, USDA 5 Area Wtd. Avge., Soyabeans, No.1 Yellow C/Bushel
- Miscellaneous: Baltic Exchange Dry Index (BDI) – Price Index, AU Unemployment Rate (Labour Force Survey Estimate) SADJ, AU Job Advertisements VOLA
- Source: Datastream

